

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING**

Participant data for this report was supplied by SNET as of December 31, 1992. This data is summarized in Section IV. This data was reviewed for accuracy and consistency with prior data and is deemed appropriate for use in determining funding requirements.

Asset data as of December 31, 1992 was supplied by SNET.

The valuation has been performed assuming that the plan is ongoing. The use of such an assumption is necessary in order to evaluate the long term impact of continuing the current plan. The use of an assumption that the plan will continue should not be read to imply that an obligation for the sponsor to continue the plan exists.

Plan provisions are summarized in Section III.

B. INTERNAL REVENUE CODE REQUIREMENTS

The tax deductibility of a company's contribution to the Trusts to fund its employee welfare plans is subject to certain restrictions imposed by the Internal Revenue Code (IRC). These restrictions are set forth in Sections 419, 419A, 501(c)(9), and 512(a)(3)(E) of the Code.

The enactment of the Deficit Reduction Act (DEFRA) on July 18, 1984 applied new rules and regulations to welfare benefit plans for tax years ending after December 31, 1985. The legislation added strict deduction rules that limit the annual contributions made by employers to prefund welfare benefits. The legislation also established nondiscrimination requirements for welfare benefit plans, similar to those traditionally applied to qualified retirement plans. Southern New England Telephone Company's medical and dental plans are welfare benefit plans under DEFRA definitions.

Under DEFRA's requirements, the maximum deduction allowed to an employer for funding welfare benefits equals

1. the amount (including administrative expenses) which would have been allowable as a deduction to the employer for the benefits provided during the year on a cash receipts and disbursements basis, plus
2. the amount necessary to fund incurred, but unpaid claims (including associated administrative expenses) as of the end of the tax year, plus

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING**

3. the amount needed to accumulate assets over the employee's working life that fully funds the employee's postretirement benefit at retirement, minus
4. the fund's after-tax income excluding employer contributions.

DEFRA restricts the prefunding and handling of benefits for key employees. If benefits for key employees are prefunded, separate accounts must be maintained and benefits for those employees can be paid only from these separate accounts. However, SNET's key employee benefits are not prefunded and therefore, such benefits are paid through company operating expenses.

The 1993 maximum tax deductible contribution to the Trust for Management Employees is the sum of two elements. For pre-1991 retirees, the contribution is the benefits actually paid in 1993. For active employees and post-1990 retirees, the Aggregate Cost Method is used to determine the amount needed to accumulate assets that fully fund benefits at retirement. The basic rationale of this method is to contribute a level dollar amount each year for active participants during their remaining working lives such that existing assets plus future contributions plus future investment earnings are predicted to be sufficient to pay all future benefits and associated expenses expected to become payable to the eligible retirees and their dependents. As mandated by the Internal Revenue Code, the maximum tax deductible contribution determined for the management group did not take into account future medical cost inflation or increases in utilization.

The Trust for Represented Employees is a collectively bargained welfare benefit trust, for which the Internal Revenue Code provides special treatment. In accord with IRS Section 419A(f)(5) contribution amounts up to the total unfunded value of future benefits are tax deductible. In addition, contributions to a welfare benefit trust fund which is maintained under a collective bargaining agreement may be determined on a basis which reflects future health care inflation and projected increases in utilization.

C. FUNDING POLICY

For 1993, the amounts contributed were consistent with the methodology approved by SNET's regulators, the Department of Public Utility Control (DPUC).

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING**

For 1993, funding for postretirement benefits other than pensions was extended to all retirees and active employees. The DPUC permitted SNET to contribute the total expense for postretirement benefits other than pensions to the health benefit and life insurance trusts. The allocation of such contributions was effected in a manner so as to maximize the deductibility of contributions. Expense for these benefits was to be determined according to Statement of Financial Accounting Statement No. 106 (FAS106). The total amount contributed is the FAS106 expense for 1993, estimated as of December 31, 1992, including amortization of the initial transition obligation.

Because the FAS106 expense amounts for postretirement group life benefits and for postretirement health benefits for management exceed the maximum tax deductible contributions, the excess of the FAS106 expense over the maximum tax deductible amount is contributed to the Represented Employee Health Trust. As shown in Exhibit II, the 1993 maximum tax deductible contribution for the Represented Employee Health Trust is larger than the FAS106 expense, thus permitting the additional contributions.

D. ASSUMPTIONS AS TO FUTURE EXPERIENCE

To determine the actuarial value of the liabilities for postretirement benefits, it is necessary to estimate the benefits that will be paid in future years on behalf of current and future retirees eligible for postretirement benefits. Benefits anticipated to be paid in future years are then discounted using actuarial assumptions to arrive at present values. These assumptions are summarized in Section V.

To develop present values of future benefits, experience is analyzed and actuarial assumptions are developed. Assumptions include: mortality rates for active and retired employees, separation rates, disability retirement rates, service retirement rates, the long-term average rate of earnings on trust funds, current health benefit costs, and the trend on future health benefit costs. The major actuarial assumptions underlying the 1993 Trust contributions are as follows:

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING**

1. Mortality, Withdrawal, Disability and Retirement Rates

The mortality, withdrawal, disability and retirement rates used in the postretirement health valuation are consistent with those used in the valuation of SNET's pension plans. The assumptions used are shown in Section V.

2. Actuarial Earnings Rate and Discount Rate

Because the maximum tax deductible contribution is determined under the assumption that the benefits plans and trusts are ongoing and that future benefits are to be funded from contributions and investment returns on trust assets, liabilities are valued at the actuarial earnings rate, or the expected rate of return on trust assets. This rate for the Trust for Management Employees is 7.50%. For the Trust for Represented Employees, this rate is 8.00%. The lower 7.50% assumption for the Trust for Management Employees reflects the administrative and insurance company costs associated with Trust Owned Life Insurance (TOLI).

For purposes of determining the service cost and the Accumulated Postretirement Benefit Obligation under the DPUC methodology, a discount rate is selected which reflects the rate at which postretirement benefit obligations could be effectively settled. The discount rate assumed for both management and nonmanagement benefits is 7.50%.

3. Net Health Care Trend Rates

Annual health care trend rates are applied to the most current claim costs to develop expected claim costs for future years. The trend rates vary among groups of retirees because pre-1990 nonmanagement and pre-1992 management retirees do not contribute toward the cost of medical benefits and Medicare part B premiums, whereas future retirees do contribute towards these costs in excess of the "caps" noted in Table 4. The net health care trend rates used are shown in Section V.

E. CLAIM COSTS

The 1993 medical and dental incurred claim costs were based on 1992 claim costs with trend rates applied for expected increases from 1992 to 1993. Claim costs were based on claim experience provided by SNET from Blue Cross/Blue Shield of Connecticut and the Travelers Insurance Company. The following adjustments were made to the claim experience in determining claim costs:

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING**

The 1992 paid claim cost experience was adjusted to an estimated incurred basis.

The average incurred claims per retiree includes both dependent and retiree claims. Surviving dependent coverage is provided by the Company for six months after the death of a retiree.

F. ACTUARIAL VALUE OF ASSETS

The market value of assets as of December 31, 1992 was provided by SNET.

The actuarial value of assets used is the market value of assets as of 12/31/92.

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING
(\$ Thousands)**

1993 MANAGEMENT TRUST CONTRIBUTION

A. Maximum Tax Deductible Contribution as of 1/1/93

1.	Present Value of Future Benefits as of 1/1/93 (Excluding Key Employees)		
	(a) Actives	\$36,600	
	(b) Post-1990 Retirees	\$18,400	
	(c) Total [(a)+(b)]	\$55,000	
2.	Assets as of 1/1/93	\$ 5,900	
3.	Present Value of Remaining Costs [(1c)-(2)]	\$49,100	
4.	Present Value of Years of Future Service	31,153	
5.	Accrual Rate Per Employee [(3)/(4)]	\$ 1.6	
6.	Number of Active Employees	3,567	
7.	Maximum Contribution as of 1/1/93 for Active Employees and Post-1990 Retirees [(5) x (6)]	\$ 5,700	
8.	Benefits for Pre-1991 Retirees	\$ 7,200	
9.	Total [(7) + (8)]		\$12,900

B. Accounting with Amortization of Initial Transition Obligation

1.	Service Cost With Interest	\$ 1,200	
2.	Interest on Total Accumulated Postretirement Benefit Obligation of \$153.5 million	\$11,100	
3.	Amortization of Initial Transition Obligation of \$147.1 million	\$ 8,700	
4.	Expected Return on Assets	\$ 800	
5.	Total Net Periodic Benefit Cost [(1) + (2) + (3) - (4)]		\$20,200

C. Contribution Amount as of 1/1/93 (Lesser of A9 and B5) \$12,900

Notes:

1. The Management Trust is used to advance fund postretirement medical, dental, and reimbursement for Medicare Part B premiums on behalf of management employees and their eligible dependents.
2. Assets as of 1/1/93 are the VEBA assets as per 12/31/92 trustee statements provided by SNET.
3. Calculation of the maximum tax deductible contribution assumes a 7.50% actuarial earnings rate and no future medical trend. Determination of the VEBA contribution in (B) above assumes a 7.50% discount rate.
4. Actual contribution amount made to the Management Trust for 1993 was \$12,873,316.

SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING
(\$ Millions)

1993 MANAGEMENT TRUST CONTRIBUTION

5. Five-year projected benefit payments for covered retirees and their dependents are as follows:

(\$ Millions)

<u>Year</u>	<u>Benefits Paid</u>
1993	10.4
1994	11.0
1995	11.6
1996	11.9
1997	12.0

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING
(\$ Thousands)**

1993 REPRESENTED EMPLOYEE TRUST CONTRIBUTION

A. Maximum Tax Deductible Contribution as of 1/1/93		
1.	Present Value of Future Benefits as of 1/1/93	
	(a) Actives	\$ 68,800
	(b) Retirees	\$147,000
	(c) Total [(a) + (b)]	\$215,800
2.	Assets as of 1/1/93	\$ 9,600
3.	Unfunded Liability [(1c) - (2)]	\$206,200
B. Accounting with Amortization of Initial Transition Obligation		
1.	Service Cost	\$ 2,500
2.	Interest on Total Accumulated Postretirement Benefit Obligation of \$217.9 million	\$ 15,800
3.	Amortization of Initial Transition Obligation of \$207.9 million	\$ 10,900
4.	Expected Return On Assets	\$ 1,400
5.	Total Net Periodic Benefit Cost as of 1/1/93 [(1)+(2)+(3)-(4)]	\$ 27,800
C. Contribution Amount as of 1/1/93		
1.	Lesser of A3 and B5	\$ 27,800
2.	Additional Amount for	
	(a) Postretirement Health Benefits for Management Employees [20,200 - 12,873]	\$ 7,327
	(b) Postretirement Group Life Insurance [3,100 - 1,300]	\$ 1,800
3.	Total Contribution as of 1/1/93 Minimum of [(1) + (2a) + (2b) and A3]	\$ 36,927

Notes:

1. The Represented Employee Trust is used to advance fund medical, dental, and reimbursements for Medicare Part B premium on behalf of all nonmanagement employees and their eligible dependents. Because all benefits funded by the Trust are collectively bargained, contributions up to the total unfunded liability are tax deductible.
2. Assets as of 1/1/93 are the VEBA assets as per 12/31/92 trustee statements provided by SNET.
3. Determination of maximum tax deductible contribution to the Represented Employee Trust assumes an 8.00% actuarial earnings rate and full medical trend. Determination of VEBA contribution in (B) above assumes a 7.50% discount rate and full medical trend.
4. Additional amounts in C.2.(a) and (b) represent the excess of the Regulatory Accounting expense over the maximum tax deductible contribution.
5. Actual contribution amount made to the Nonmanagement Trust for 1993 was \$36,926,684.

SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
1993 FUNDING
(\$ Millions)

1993 REPRESENTED EMPLOYEE TRUST CONTRIBUTION

6. Five-year projected benefit payments for covered retirees and their dependents are as follows:

(\$ Millions)

<u>Year</u>	<u>Benefits Paid</u>
1993	15.5
1994	16.5
1995	17.5
1996	17.3
1997	16.5

SECTION III
PLAN PROVISIONS

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
PLAN PROVISIONS**

A. ELIGIBILITY

Employees who retire with a service or disability pension, and their eligible dependents are eligible for company-provided postretirement health benefits. An employee is eligible to retire on a service pension when the following conditions are met:

AGE		MINIMUM YEARS OF SERVICE
65	and	10
55	and	20
50	and	25
Any Age	and	30

A person who becomes disabled after a minimum of 15 years of service is eligible for a disability pension. A disability pension is converted to a service pension when age and service conditions (adding years of disability to years of active service) are met.

Company paid medical coverage for surviving spouse and dependents ends six months after death of the retiree. Company paid dental coverage and Medicare Part B premiums for surviving spouse and dependents end at the end of the month of the retiree's death.

B. BENEFITS

1. Medical

(a) First Dollar Plan - SNET Retiree Medical Expense Plan

Applies to management employees retired prior to January 1, 1985 and nonmanagement employees retired prior to January 1, 1988.

Annual Deductible - 1% of Annual Pension Amount, but not less than \$25 or more than \$100.

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
PLAN PROVISIONS**

Annual Out-of-Pocket Maximum - After "Other Covered Charges" (charges to which a deductible applies) total \$5,000, the balance is covered at 100%. The first \$5,000 after the deductible is covered at 85%.

Maximum Benefits under Other Covered Charges - \$50,000 lifetime maximum per retiree or covered dependent. But first \$3,500 per year is not counted toward the lifetime maximum.

Hospital Room and Board - 100% for semi-private room, up to 485 days (each separate stay) in Connecticut, or 120 days outside Connecticut. 85% of R&C charges for days afterward (subject to out-of-pocket maximum).

Outpatient - 100% of reasonable and customary charges (R&C).

Other 100% payment items - anesthesia, radiation therapy, laboratory tests, ambulatory surgical facilities, surgery, in-patient psychiatric care (up to 60 days per calendar year per individual), in-hospital physician and consultations, alcoholism treatment and rehabilitation programs (maximum of 45 days in calendar year for treatment, similar limit for rehabilitation program), home health care.

Prescription Drugs covered at 85%.

(b) Comprehensive Plan

Benefits described under two plans, SNET Retiree Medical Plan and SNET Medical Plan for Retirees are very similar and will not be distinguished. SNET Retiree Medical Plan covers management employees retired between January 1, 1985 and September 30, 1989 and nonmanagement employees retired between January 1, 1988 and September 16, 1989. SNET Medical Plan for Retirees covers management employees retired on or after October 1, 1989, nonmanagement employees retired on or after September 17, 1989.

Preferred Medical Option (PMO), Blue Cross and Blue Shield's Managed Benefits Program (BCBS) added to First Dollar Plan.

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
PLAN PROVISIONS**

All PMO provider charges covered at 100% after payment of office visit charge. If retiree utilized a PMO provider, payment is

\$5.00 for eligible medical office visit, laboratory or physical therapy services.

\$20.00 for eligible radiology services.

\$30.00 for eligible visits to psychiatrists, psychologists or counselors.

Coverage outside PMO is same as First Dollar Plan except:

Hospital room and board - 80% coverage for semi-private room, after deductible.

Services for terminally ill - 100% coverage, after deductible.

Home health care and birthing centers covered at 80%, after deductible, 200 visits per year maximum for home health care.

Inpatient surgical procedures, laboratory tests and outpatient procedures - 80% of R&C charges, after deductible.

Prescription Drugs covered at 80%, after deductible.

Alcohol or Drug Dependency treatment must be at a Preferred Medical Option (PMO) center for 100% payment with no deductible, otherwise 80% payment with deductible.

Certain office visits related to emergencies and outpatient surgeries covered at 100%.

100% payment with deductible - Pap smears, gynecological exams, mammograms per schedule, pediatric well care through age 17.

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
PLAN PROVISIONS**

80% payment, with deductible - Allergy treatment and testing, hospital room and board, related hospital services, nursing services, outpatient mental and nervous treatment provided by PMO (otherwise payment is at 50%), laboratory exam and x-rays, prescription drugs in hospital, surgeon's office visits and hospital services.

Out-of-Pocket Maximum - After "Other Covered Charges" total \$1,000, the balance is covered at 100%.

The following benefits are paid at 50%, after deductible:

Outpatient mental and nervous treatment outside of PMO. (Out-of-pocket maximum does not apply).

Surgery or elective hospitalization without BCBS approval.

Benefits subject to maximums:

Psychiatric or substance abuse (subject to utilization review) have \$50,000 annual maximum and \$250,000 lifetime maximum.

Bio-technological drugs are subject to \$250,000 lifetime maximum.

Retiree Protection Provision - If the out-of-pocket maximum is satisfied in one year, the maximum will be dropped to \$500 during the next year.

Deductible for non-PMO care:

<u>Deductibles</u>	<u>Management</u>	<u>Nonmanagement</u>
Retiree Only	\$150	.5% of final pay* maximum \$150
Retiree and 1 Dependent	\$225	1.0% of final pay* maximum \$225

*Final pay at retirement

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
PLAN PROVISIONS**

Retiree and 2
or more
Dependents \$300 1.0% of final pay*
maximum \$300

*Final pay at retirement

(c) Health Maintenance Organizations (HMO)

Membership in HMOs is available to retirees in certain geographic locations. HMOs available are Community Health Care Plan, Connecticare, Constitution Health Care, Kaiser Permanente, and Physicians Health Services.

2. SNET Retiree Dental Plan

Subject to a \$750 per person calendar year maximum (excluding orthodontia) and a lifetime \$1,000 orthodontia maximum. The plan pays 100 percent of Type A services (within reasonable and customary range) and benefits based on a schedule of benefits for Type B services. Type A services are preventive and diagnostic, while Type B services cover treatments such as oral surgery and restorations.

3. Medicare Part B

SNET reimburses premiums quarterly for retirees and their spouses.

C. CAP ON COMPANY CONTRIBUTIONS

Beginning July 1, 1996, SNET's contribution for medical benefits and Medicare Part B for nonmanagement employees retiring after December 31, 1989 and management employees retiring after December 31, 1991 are subject to the following maximums:

SNET Medical Plan

<u>Retiree</u>	<u>Single Coverage</u>	<u>Joint Coverage</u>
Pre-65	\$2,500	\$5,200
Post-65	\$350	\$1,500

Medicare Part B Premium Reimbursement

\$33 per month for retirees and/or their spouses (if eligible)

SECTION IV
DEMOGRAPHIC DATA

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
DEMOGRAPHIC DATA**

Participants as of December 31, 1992

	<u>Management</u>		<u>Nonmanagement</u>		<u>Total</u>	
	<u>First Dollar Plan</u>	<u>Comprehensive Plan</u>	<u>First Dollar Plan</u>	<u>Comprehensive Plan</u>	<u>First Dollar Plan</u>	<u>Comprehensive Plan</u>
1) Retirees						
Pre-65	117	1,027	351	1,091	468	2,118
Post-65	<u>1,090</u>	<u>269</u>	<u>2,136</u>	<u>337</u>	<u>3,226</u>	<u>606</u>
Total	1,207	1,296	2,487	1,428	3,694	2,724
2) Actives	0	3,578	0	7,680	0	11,258
3) Total	1,207	4,874	2,487	9,108	3,694	13,982

Notes:

1. The First Dollar Plan category includes pre-1985 management retirees and pre-1988 nonmanagement retirees (also called the SNET Retirement Medical Expense Plan). All other retirees and actives are in the Comprehensive Plan. (Retirees in the Comprehensive Plan are in either the SNET Retiree Medical Plan if retired prior to 1990 or the SNET Medical Plan for Retirees. The difference between these plans did not warrant different claim costs and trend rates).
2. The data for retirees excludes deferred vested pensioners since they are not eligible for postretirement health benefits. Key employees are excluded from the population used to determine maximum tax deductible contributions. These employees are, however, shown in the participant counts above.
3. The census data includes all employees receiving postretirement medical benefits, only some of whom have benefits prefunded by the Trusts.

SECTION V
ACTUARIAL ASSUMPTIONS

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION
ACTUARIAL ASSUMPTIONS**

A. ACTUARIAL EARNINGS RATE

For purposes of determining maximum tax deductible amounts:

8.00% for the Represented Employee Trust
7.50% for the Management Trust

B. DISCOUNT RATE

For purposes of determining VEBA contribution under DPUC methodology:

7.50% for both management and nonmanagement benefits

C. PLAN PARTICIPATION

Valuation assumes all current and future retirees will participate in available plans.

D. CLAIM COST

See attached Table 1.

E. ANNUAL TREND RATES

See attached Tables 2 and 3.

F. TURNOVER

See attached Tables 4.1 to 4.4.

G. RETIREMENT RATES

See attached Tables 5.1 to 5.4.

H. MORTALITY TABLES

See attached Tables 6.1 to 6.2.

TABLE 1

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

CLAIM COST

1993 Per Retiree Claim Cost (Including Expenses)

	<u>First Dollar Plan</u>	<u>Comprehensive Plan</u>
Medical		
Pre-65	\$5,650	\$5,139
Post-65	1,857	1,667
Medicare Part B	650	650
Dental	343	343

TABLE 2

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

**ASSUMPTIONS FOR PRE-1990 NONMANAGEMENT
AND PRE-1992 MANAGEMENT RETIREES
(GRANDFATHERED GROUP)**

ANNUAL TREND RATES

A. Medical Care Trend Rates

<u>From</u>	<u>To</u>	<u>Pre-65</u>	<u>Post-65</u>
1993	1994	9.9%	8.1%
1994	1995	9.6%	7.9%
1995	1996	9.0%	7.6%
1996	1997	8.4%	7.5%
1997	1998	7.9%	7.5%
1998	1999	7.5%	7.5%
1999	2000	7.2%	6.9%
2000	2001+	6.8%	6.5%

B. Part B Trend Rates

<u>From</u>	<u>To</u>	
1993	1994	12.3%
1994	1995	12.2%
1995	1996+	3.5%

C. Dental Trend Rates

<u>From</u>	<u>To</u>	
1993	1994	8.0%
1994	1995	7.5%
1995	1996	7.0%
1996	1997	6.5%
1997-2009	1998-2010	5.0%
2010-2019	2011-2020	4.0%
2020	2021+	3.5%

TABLE 3

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

**ASSUMPTIONS FOR POST-1989 NONMANAGEMENT AND
POST-1991 MANAGEMENT RETIREES**

ANNUAL TREND RATES

A. Medical Care Trend Rates

<u>From</u>	<u>To</u>	<u>Pre-65</u>	<u>Post-65</u>
1993	1994	9.9%	8.1%
1994	1995	9.6%	7.9%
1995	1996	(12.88)%	(24.64)%
1996	1997	(22.46)%	(40.27)%
1997	1998+	0.00%	0.00%

B. Part B Trend Rates

<u>From</u>	<u>To</u>	
1993	1994	12.3%
1994	1995	12.2%
1995	1996	(12.45)%
1996	1997	(17.15)%
1997	1998+	0.00%

C. Dental Trend Rates

<u>From</u>	<u>To</u>	
1993	1994	8.0%
1994	1995	7.5%
1995	1996	7.0%
1996	1997	6.5%
1997-2009	1998-2010	5.0%
2010-2019	2011-2020	4.0%
2020	2021+	3.5%

TABLE 4.1

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

**Annual Rates Of Employee Separation From Service
Before Eligibility For Service Retirement**

Male Employees

Nonmanagement

Service in years t	Rates Of Separation During Year t + .5 to t + 1.5 For Employees Entering Service At Specimen Ages							
	15	20	25	30	35	40	45	50
0	.198	.186	.158	.135	.120	.115	.117	.120
1	.121	.111	.087	.068	.053	.044	.045	.046
2	.079	.070	.056	.046	.042	.040	.039	.040
3	.059	.051	.037	.034	.029	.030	.030	.028
4	.040	.035	.026	.026	.021	.026	.026	.025
5	.029	.026	.019	.021	.017	.022	.022	.025
6	.023	.021	.016	.017	.013	.019	.020	.024
7	.020	.019	.015	.015	.012	.017	.019	.024
8	.017	.016	.013	.014	.011	.015	.018	.028
9	.014	.014	.012	.012	.011	.015	.018	.032
10	.012	.012	.011	.011	.010	.015	.020	.037
11	.010	.010	.010	.011	.010	.015	.026	.040
12	.009	.010	.009	.010	.011	.017	.029	.046
13	.009	.010	.009	.010	.011	.017	.030	.053
14	.009	.010	.008	.010	.012	.019	.032	
15	.009	.009	.008	.010	.012	.020	.036	
16	.008	.008	.008	.010	.013	.022	.040	
17	.007	.008	.008	.009	.013	.025	.046	
18	.007	.008	.008	.009	.013	.028	.053	
19	.006	.008	.008	.010				
20	.006	.008	.008	.011				
21	.006	.008	.008	.011				
22	.006	.008	.008	.011				
23	.006	.008	.008	.012				
24	.007	.008						
25	.007	.008						
26	.008	.008						
27	.008	.008						
28	.008	.008						

Source: Industry-wide Nonmanagement Experience 1975-1978.

Note: Based on separations for all causes.

TABLE 4.2

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

**Annual Rates Of Employee Separation From Service
Before Eligibility For Service Retirement**

Female Employees

Nonmanagement

Service in years t	Rates Of Separation During Year t + .5 to t + 1.5 For Employees Entering Service At Specimen Ages							
	15	20	25	30	35	40	45	50
0	.208	.194	.164	.136	.113	.096	.087	.088
1	.148	.139	.115	.094	.075	.063	.057	.061
2	.116	.107	.087	.067	.051	.039	.032	.034
3	.079	.081	.072	.056	.040	.034	.035	.032
4	.071	.071	.058	.045	.033	.031	.030	.032
5	.066	.064	.048	.037	.029	.029	.029	.031
6	.062	.057	.044	.029	.026	.027	.028	.031
7	.057	.050	.037	.025	.024	.025	.028	.031
8	.053	.046	.030	.023	.022	.024	.028	.033
9	.049	.042	.026	.023	.022	.024	.028	.033
10	.044	.039	.026	.022	.022	.023	.028	.035
11	.040	.035	.026	.022	.021	.023	.028	.041
12	.035	.031	.024	.022	.021	.023	.028	.046
13	.031	.027	.022	.022	.021	.023	.028	.055
14	.029	.026	.020	.022	.021	.022	.030	
15	.026	.024	.020	.022	.021	.021	.030	
16	.022	.021	.020	.021	.020	.021	.030	
17	.020	.020	.020	.020	.020	.020	.030	
18	.018	.018	.020	.020	.018	.020	.030	
19	.018	.018	.019	.020				
20	.017	.018	.019	.020				
21	.017	.018	.018	.018				
22	.016	.017	.017	.016				
23	.016	.016	.016	.017				
24	.015	.015						
25	.015	.015						
26	.015	.015						
27	.014	.015						
28	.013	.014						

Source: Industry-wide Nonmanagement Experience 1975-1978.

Note: Based on separations for all causes.

TABLE 4.3

**SNET
POSTRETIREMENT HEALTH
ACTUARIAL VALUATION**

**Annual Rates Of Employee Separation From Service
Before Eligibility For Service Retirement**

Male Employees

Management

Service in years t	Rates Of Separation During Year t + .5 to t + 1.5 For Employees Entering Service At Specimen Ages							
	15	20	25	30	35	40	45	50
0	.105	.105	.105	.102	.096	.091	.088	.089
1	.074	.072	.070	.066	.062	.059	.058	.059
2	.046	.045	.044	.042	.040	.037	.035	.036
3	.020	.026	.032	.032	.025	.025	.031	.031
4	.018	.019	.027	.025	.018	.020	.022	.026
5	.014	.016	.024	.021	.016	.016	.019	.022
6	.012	.014	.021	.018	.016	.015	.016	.020
7	.011	.013	.018	.016	.016	.013	.014	.024
8	.009	.011	.016	.015	.016	.013	.013	.028
9	.009	.010	.013	.014	.013	.011	.014	.032
10	.008	.008	.012	.013	.012	.010	.017	.036
11	.008	.008	.010	.011	.010	.009	.020	.040
12	.008	.008	.009	.009	.009	.010	.024	.046
13	.007	.007	.008	.008	.009	.012	.028	.052
14	.007	.007	.008	.007	.009	.014	.032	
15	.006	.006	.006	.006	.009	.017	.036	
16	.005	.005	.006	.006	.009	.020	.040	
17	.005	.005	.005	.006	.010	.024	.046	
18	.004	.004	.005	.006	.012	.028	.052	
19	.004	.004	.005	.007				
20	.004	.004	.005	.008				
21	.004	.004	.006	.009				
22	.004	.004	.006	.010				
23	.004	.004	.006	.012				
24	.004	.004						
25	.004	.005						
26	.004	.005						
27	.005	.006						
28	.005	.006						

Source: Industry-wide Management Experience 1975-1978.

Note: Based on separations for all causes.